

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO. 5085
ANSWERED ON Monday, April, 4, 2022/Chaitra 14, 1944 (Saka)

Clubbing of Loans

5085. SHRI MANICKAM TAGORE B:

Will the Minister of FINANCE be pleased to state:

- (a) whether clubbing of two secured loans is permissible under SARFAESI Act, 2002, if so, the conditions under which it is permissible;
- (b) whether the SBI Suraksha loan amount sanctioned with SBI home loan amount is unsecured loan, if so, the details thereof;
- (c) whether the amount sanctioned under SBI Suraksha loan product is covered by equitable mortgage or by extension of equitable mortgage, if so, the details thereof;
- (d) whether SBI invokes SARFAESI Act, 2002 when SBI home loan account is not classified as non-performing asset, but associated SBI Suraksha loan count is classified as NPA, if so, the details thereof; and
- (e) whether SBI invokes SARFAESI Act, 2002 when SBI home loan account is classified as non-performing asset, but associated SBI Suraksha loan count is not classified as NPA, if so, the details thereof?

ANSWER

The Minister of State in the Ministry of Finance
(Dr. Bhagwat Karad)

(a) As per para 4.2.7.1 of RBI Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated 1.10.2021, all the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as Non-Performing Asset (NPA)/Non-Performing Investment (NPI) and not the particular facility/investment or part thereof which has become irregular.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, inter alia contains the provisions for enforcement of security interest once the account is classified as NPA by the Secured Creditor.

(b) As informed by State Bank of India (SBI), SBI Suraksha loan is unsecured loan w.e.f. February, 2018. SBI has further informed that extension of mortgage on the

residential property financed by Bank is not mandatory to cover Suraksha Loan. However, SBI has intimated that a suitable clause of general lien over the property has been incorporated in agreement for Suraksha loan.

(c) As per information received from State Bank of India, the loans sanctioned under SBI Suraksha loan products from February, 2018 are not covered by equitable mortgage. SBI has further informed that the Suraksha loans sanctioned prior to February, 2018 were covered under extension of mortgage of Housing Loan property.

(d) State Bank of India has informed that all accounts under the same Customer Information File (CIF) are classified as NPA, if any of the individual accounts becomes NPA and SARFAESI action is invoked in the account which has security.

(e) State Bank of India has intimated that when the SBI Home loan account is classified as non-performing asset, all loan accounts under same Customer Information File (CIF) are classified as Non-Performing Asset as per RBI guidelines. However, SARFAESI Action is initiated only in account which has security, as per the reply received from SBI.
